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USSR Report

ECONOMIC AFFAIRS

No. 917



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BELORUSSIAN OFFICIAL DISCUSSES ECONOMIC REFORMS

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 12, Dec 79 pp 5-9

[Article by D. Danilov, Deputy Chairman of the Council of Ministers Belorussian SSR: "A New Stage in the Economic Reform"]

[Text] The economy of our country is developing at rapid rates and its scientific and technical potential is growing. Suffice it to say that in recent years industrial production in our republic has practically doubled every seven years.

As a result of the gigantic dimensions of the growth of industrial production, production relations grow more complex and the need arises for a constant improvement of the methods of planning and management.

"Our country," Comrade L. I. Brezhnev noted at the 25th CPSU Congress, "was the first to take the path of the planned direction of the economy. Dozens of other states have learned and are continuing to learn this complex art from us. But we also are now faced with the task of raising the level of planning work and of bringing it into accord with the new dimensions and makeup of our economy and with the new demands of the time."

The republic's party, government, and economic agencies have done a large amount of work to improve production management in the branches of the economy. This applies first of all to industry where the realization of measures provided by general plans and management plans to concentrate and specialize production by means of the creation of production associations has been basically completed. Measures have also been carried out here to reduce the number of management elements, to bring the agencies of economic leadership closer to production, and to refine and improve the structure of the central apparatuses of ministries in relation to the management of large production complexes.

The creation of associations in industry took place chiefly in accordance with the principles of common technological processes, the homogeneity of the output being produced, the existence of stable cooperative relations

between enterprises, and the overall use of raw materials, materials, and labor resources. At the present time 191 associations of this kind are operating in the republic. They contain around 800 enterprises and organizations. The associations have become the basic form of production management. They account for 52 percent of our industrial output and 48 percent of our industrial production personnel.

The greatest concentration of production has been achieved in the Ministry of Timber and Woodworking Industry Belorussian SSR where 23 production associations which account for 96 percent of the output sales have been created.

One of the largest associations in this branch is the Bobruysk Woodworking Production Association ("Bobruyskdrev") which was created on the basis of the Bobruysk Plywood and Woodworking Combine. At first furniture factories became members of the "Bobruyskdrev," and then the Bobruysk and Osipovich timber procurement establishments were included in it. The concentration of timber procurements and woodworking in a single production complex helped to improve the provision of raw materials supplies to woodworking enterprises and to curtail railroad hauls.

The centralization of management functions and the specialization of the associations made it possible to substantially improve the results of production work. Thus, in three years of the 10th Five-Year Plan, without commissioning new capacities, production increased by 14.6 percent, which was more than the assignment stipulated by the five-year plan. The entire increase was obtained solely on the basis of increasing labor productivity. The concentration of material and financial resources made it possible for the association to conduct housing construction on a larger scale, to solve the problem of children's pre-school institutions, to expand and improve two pioneer camps, and to successfully collaborate with scientific research organizations on the basis of contracts.

In the timber procurement branch associations were created on the basis of timber procurement enterprises and chemical timber enterprises. This form of production concentration made it possible to make better use of labor power, to eliminate the seasonal nature of work, and to make cadres permanent. Thus, in the Ivatsevichi Timber Procurement Association workers who are employed during the summer period in tapping trees are enlisted in timber procurement after the end of the season; this has reduced labor turnover and has increased labor productivity by 1.2 times.

A large amount of work on production concentration and on improving production management has also been conducted in recent years in the republic's ministries of light industry, in the food, local, and meat and dairy industries. In the Belorussian SSR Ministry of Light Industry the creation of associations has made it possible to reduce the number

of independent management processes from 168 to 67, or by 2.5 times, and to raise the level of the specialization and mechanization of labor intensive processes. For example, in the Gomel' "Komintern" Garment Production Association the level of specialization has been brought to 95 percent, and in the Gomel' "Trud" Production Association the level of mechanization has been brought to 60 percent, compared to 20 percent before the creation of the association. In many associations repair, construction, transportation, and energy services have been centralized. All of this has ensured a solid economic effect.

A constant improvement of the methods of operations and management is the only basis on which it is possible to further increase the efficiency of social production. However, there are a number of unsolved problems in this important work.

First of all, mention has to be made of the absence of stable permanent relations between head enterprises and the enterprises and organizations which have become members of associations, which has a negative effect upon the day-to-day management of production. To a large extent, an insufficient amount of computer equipment is holding back the centralization of the functions of management. These problems are characteristic for most of the production associations. For individual branches of the economy the departmental disunity of enterprises is a problem which is greatly complicating the introduction of more effective forms of management.

The construction materials branch may serve as a graphic example. In the republic nine ministries and departments are engaged in their production. The enterprises of the specialized ministry account for only 43 percent of the construction materials produced.

There is a similar picture in the republic's bread-baking branch. The almost 300 existing enterprises are subordinated to the Ministry of Food Industry Belorussian SSR, the Belorussian Union of Consumer Cooperatives, the Administration for Railroads, and the Ministry of Timber Industry Belorussian SSR.

Work to concentrate this production is being performed only within the Ministry of Food Industry Belorussian SSR. As a result, the ministry's bread-baking enterprises which comprise only 18 percent of their total number service 90 percent of the republic's urban population and more than 30 percent of its rural population. In the production associations which have been created here output per worker is 21-25 percent higher than at the bread-baking enterprises of other departments. The concentration of substantial material and financial resources in the associations makes it possible for them to more effectively carry out measures for the overall mechanization and automation of production and for improving output quality.

During the next two to three years the formation of production associations as the basic cost accounting element is supposed to be completed in the republic. This will require consolidating existing associations and carrying out measures connected with production specialization and cooperation, and the centralization of auxiliary and subsidiary services and also of management functions.

A further overall solution of important problems and an improvement of the management of the economy of developed socialism is the purpose of this year's decree of the CC CPSU "On a Further Improvement of the Economic Mechanism and the Tasks of Party and State Agencies" and the decree of the CC CPSU and USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Improving the Quality of Work."

These decrees provide for a rise in the level of planning and operations and set the task of bringing them into correspondence with the demands of the present stage -- the stage of developed socialism -- and achieving a substantial increase in the efficiency of social production and in labor productivity, an acceleration of scientific and technological progress, an improvement of output quality, and, on this basis, a steady improvement of the country's economy and of the wellbeing of the Soviet people.

The measures to improve operations which have been approved by the decree of the CC CPSU and USSR Council of Ministers were worked out with great care. In recent years major economic experiments which embraced not only individual associations but entire branches and republics, including Belorussia, have been carried out in industry, construction, and transportation.

In our republic a complex of measures to improve the planning and economic stimulation of construction production in the organizations of the Ministry of Industrial Construction Belorussian SSR and the Ministry of Installation and Special Construction Belorussian SSR has been in the process of being carried out for three years. The work experience of these ministries has shown that the new system of planning indicators and economic stimuli directs construction organizations and ministries as a whole toward the punctual commissioning of capacities and facilities, compels them to seek reserves and possibilities for decreasing the cost of construction, and promotes the concentration of financial resources at facilities being commissioned.

At the same time, serious shortcomings in the organization of construction production and miscalculations in planning construction, and in designing and providing construction projects with planning estimates, equipment, and material and technical and other resources have been revealed under

the new conditions of operations. Having defined a system of measures to eliminate them, the Ministry of Industrial Construction and the Ministry of Installation and Special Construction are strengthening the role of the indicator of the commissioning of fixed capital and production capacities and facilities in planning, results evaluation, and stimulation.

A new element is the approval of a ceiling on state capital investments and construction and installation work (including for the reequipping and reconstruction of operating enterprises) which is stable for five years and not subject to reapproval in the annual plan. The approval of a ceiling instead of a total amount of capital investments changes the essence of this indicator in a fundamental way. The point is that the volume of capital investments is only an approximate indicator. Frequently it led to an inefficient use of resources for the sake of fulfilling planned amounts of capital investments without regard to how punctually fixed capital, capacities, and facilities were being commissioned. The ceiling is a resource indicator which characterizes the maximum amount of capital investment expenditures for the planned commissioning of finished enterprises, capacities, and facilities and for the creation of normed stocks. The chief criterion here is an economy of resources for a performed volume of work.

It is clear that the chief problem here is the stability of the capital investments plan throughout the five years. This is an extremely difficult problem. Its solution demands a fundamental change in the approach of the planning agencies and ministries and departments toward the development of capital construction plans and the organization of the work of construction and planning organizations.

Beginning with the 11th Five-Year Plan it will be necessary to ensure the composition of stable five-year capital investment plans which are balanced with materials and equipment resources and provided with the capacities of construction and installation and planning organizations and with labor and financial resources and which take account of the creation of necessary reserves. Capital investments, resources, and equipment have to be directed more boldly for the reconstruction and reequipping of the operating production potential on the basis of the latest equipment and technology. This will make it possible to obtain a substantial increase in production and to improve the quality of output more rapidly and with smaller expenditures than with new construction.

In our republic the resources for these purposes are increasing every year. Thus, this year twice as much resources as in 1975 has been directed for reconstruction and reequipping.

The Ministry of Light Industry Belorussian SSR has assigned 38 percent of its total capital investments for reconstruction and reequipping. The Minsk Worsted Combine has obtained an increase in wool fabric capacities of 8.1 million square meters and of worsted yarn capacities of 2,600 tons on the basis of reequipping. To create such capacities through new construction solely for the production of worsted yarn would have required 1.5 to 2 times more capital investments.

Expenditures for reconstruction and reequipping come to 51 percent of the capital investments of the Ministry of Local Industry Belorussian SSR. At the Volkovysk Metal Products Plant the increase in production through reconstruction came to 8.2 million rubles and the reconstruction was almost 1.5 times cheaper than new construction.

The decree of the CC CPSU and USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Improving the Quality of Work" directs us toward a fuller use of existing production capacities on the basis of the introduction of the latest technical and technological achievements. With regard to this lists of newly begun enterprises and installations and lists of enterprises subject to reconstruction and expansion have to be approved very responsibly within the five-year plan.

In order to strengthen economic stimulation for final results and for an increase in the effectiveness of capital investments it is important as early as 1981 to complete the introduction of settlements between the client and the contractor for enterprises, start-up complexes, stages, and facilities which have been fully completed by construction and put into operation. The planning of production and of equipment deliveries and the financing of capital investments is no longer limited to the annual plan, but is provided for the entire period of construction until the commissioning of enterprises and complexes. In the system of financing the basic form is now becoming credit involving the use for these purposes of resources which have been freed at the client as a result of the shift to settlements without intermediate payments. Incidentally, increased responsibility by client ministries for the commissioning of production capacities and facilities is provided for.

The Ministry of Motor Vehicle Transport Belorussian SSR has been operating for a long time under the conditions of full cost accounting. Under the new conditions of operations the role of the five-year plans for production work have been strengthened. The assignments of the five-year plan broken down by years are the basic ones. They are refined in the annual plans where necessary.

The operational independence of the ministry has been expanded. The number of planning indicators which are approved has been decreased. Toward this

end, the Council of Ministers Belorussian SSR approves for a ministry in its five-year and annual plans 15 final indicators, instead of the 22 which were previously planned. The remaining indicators are defined by the ministry independently.

The creation of a system of centralized and reserve funds has made it possible to decide many operations questions flexibly and independently and has provided the necessary financial resources for managing the enterprises subordinate to the ministry on the principles of cost accounting.

The establishment of the cost accounting independence and responsibility of a ministry for the overall results of work in connection with which the evaluation of work and of payments to the state budget is performed on the basis of overall results and the summary balance has substantially increased the demands upon subordinate enterprises for fulfilling their planning assignments. A considerable amount of work has been done in the branch to improve management and to shift to a two-element structure of management.

An indicator of "normed net output" (the amount of newly created value at an enterprise) has been experimentally tested at the production association "Minsk Tractor Plant imeni V. I. Lenin." On the basis of the experience of the Schekino workers a test of the brigade form of organizing labor was successfully conducted at the "Polimir" association.

The results of such experiments have been reflected in the decree adopted by the CC CPSU and USSR Council of Ministers and have become the basis for increasing the role of long-term and, especially, five-year plans as an important instrument for realizing the party's economic policy and for ensuring the stability and balance of these plans.

The decree is aimed at a strengthening of planning discipline. The evaluation of the results of the economic work of production associations (enterprises) and also their economic stimulation will be performed above all on the basis of the fulfillment of delivery plans for production and technical output and consumer goods in a products list (assortment) in keeping with contracts, an increase in labor productivity, an improvement of the quality of output, and an increase in profits.

A new system of planning indicators is being introduced at all levels. The work of every association (enterprise) will be evaluated not in "gross totals," but on the basis of a growth in net output (that is, the concrete contribution of a collective), and on the basis of the fulfillment of concrete orders from consumers.

A great deal of attention has been devoted to developing long-term five-year, and annual plans for raising the technical level of the branches and for realizing programs to solve branch scientific and technical problems and the overall use of natural resources, to create, master, and introduce new high quality products and materials, machinery and equipment, and progressive technology, and to improve all of production.

The responsibility of producer ministries and of the Ministry of Trade for the renewal of assortment and for an improvement of the finish work, packaging, and appearance of consumer goods has been increased, the opening of firm stores for the sale of these goods is planned, and economic liability for violations of contract commitments to deliver consumer goods, especially of a children's assortment, has been increased.

Organizational and economic measures have also been provided for to accelerate scientific and technological progress, increase the production of new highly effective output, and substantially improve its quality. The role of the USSR State Committee for Standards and of its local agencies is being increased in this work.

As is known, an improvement of output quality is inseparably bound up with an increased role for standards. They, and also the technical specifications, have to make such demands upon products as will ensure them the highest quality category so that they will be on the level of the best domestic and foreign models.

In this connection, a large amount of work will have to be done in the republic to replace operating republic standards and technical specifications. In 1979, 250 republic standards and technical specifications are to be reviewed.

Gosplan USSR and the ministries and departments are being made more responsible for balancing the assignments of the state plan for economic and social development. The development of a system of five-year balances and resource reserves is a very important condition for the successful accomplishment of this task. The decree provides for the composition of material balances (for an enlarged products list) and distribution plans for the basic allocation holders by the years of the five-year plan. An improvement of balance and a coordination of the production plans and material resources on the level of every production association and enterprise is achieved on the basis of the conclusion of economic contracts between output producer enterprises and consumer enterprises, and also industrial enterprises and trade and transportation organizations and material and technical supply agencies. The coordinating role of Gosplan in relation to ministries and departments is being increased.

Such measures have also been planned within the competence of Gossnab USSR as the completion of the shift of production associations to direct long-term economic relations, the centralized delivery of output to consumers from sales and supply bases, and others aimed at improving material and technical supplies for production.

Gossnab Belorussian SSR has already done definite work to develop and improve direct long-term economic relations. Last year the shift to this form of supplies was completed for associations and enterprises with mass and large series production in the motor vehicle industry and in tractor and agricultural machine building. This year work is being done to complete the shift to direct relations by the associations and enterprises of chemical, woodworking, cellulose and paper, and machine building branches. The measures which are being taken will make it possible to increase the deliveries through this progressive form of supplies by 10 percent in 1980 compared to 1978.

Work is being done to further improve overall guaranteed supplies for the republic's consumers and to organize the centralized delivery of freight. In the near future the agencies of Gossnab have to complete the shifting of construction projects which are included in the state plan to overall material supplies through the territorial agencies of material and technical supply on the basis of orders from construction and installation organizations in keeping with their needs as determined by plans and estimates. The material liability of transportation organizations for the non-fulfillment of agreed upon shipment plans will be increased.

A complex of economic measures has been planned to stimulate an increase in labor productivity, reduce labor turnover, increase production efficiency, and improve the quality of products. In order to accelerate an increase in labor productivity and a decrease in labor turnover, for example, it is planned to expand the use of long-term wage expenditure norms per ruble of output, to grant production associations (enterprises) the right to pay on the basis of an economy of the wage fund obtained compared to the established norm or to the planned wage fund additions to salaries and wages for occupational doubling up and for the fulfillment of an established amount of work with a smaller number of workers, and also to skilled workers employed in especially responsible jobs for high professional expertise. During the 11th Five-Year Plan the team form of organizing and stimulating labor is to become the basic one.

A characteristic feature of the decree is the wide and active participation by labor collectives in the composition of the long-term, annual, and counter-plans, and in the solution of the problems of social development and the use of resources for the development of production, social and cultural and housing construction, and material incentives. It should be

noted that the decree makes it obligatory to take account of the orders of voters in developing draft plans at all levels of management. This testifies to the great concern which is being shown by the party's Central Committee and the government for satisfying the social needs of the people and indicates the enormous importance they attribute to expanding the participation of the workers in the economic mechanism.

The decree of the CC CPSU and USSR Council of Ministers demands careful and deep study. For, in effect, it signifies a new stage in the economic reform.

Extremely serious tasks face the republic's Gosplan and ministries and departments. It will be necessary to review many operating and introduce a number of new normative documents and instructions and to provide a profound explanation of the special characteristics of the mechanism of economic management. It is necessary to take account that many of the regulations of this mechanism will go into effect as early as the beginning of next year.

It will be necessary to work out normative documents which are necessary for the overall realization of the system of measures provided for by the decree. In all 50 such documents have to be worked out. The development of 16 basic documents has to be completed in 1979. In particular the Methodological Instructions on the Procedure for Using the Net Output (Normed) Indicator in Planning have to be developed this year. This will also have to be done for a system of progressive technical and economic norms and normatives by types of work and expenditures (economies) of labor, raw materials, materials, and fuel and energy resources, norms for the use of production capacities and of specific capital investments, the procedure for their development and approval, and also a Regulation on the Procedure for Distributing Profits and the Procedure of Settlements Between Ministries, Associations, and Enterprises and the State Budget.

Both of the decrees which have been adopted demand today a profound development of a large complex of questions. In other words, it is already necessary now to begin work on the practical realization of the tasks posed by the party and, making use of progressive methods of economic management, to achieve new successes in carrying out the decisions of the 25th CPSU Congress on increasing production efficiency and improving the quality of work.

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COUNTER PLAN OBLIGATIONS OF PRODUCTION ASSOCIATIONS DETAILED

Associations, Enterprises, Organizations

Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 80 p 6

[Text] Approved by Gosplan SSSR, USSR State Committee for Labor and Social Problems, USSR Ministry of Finance, USSR Central Statistical Administration and AUCCTU 12 December 1979

1. In accordance with the decree of the November (1979) Plenum of the CPSU Central Committee, a socialist competition is being launched in commemoration of the 110th anniversary of V.I. Lenin's birth for the successful completion of the Tenth Five-Year Plan. Production collectives are doing a great deal of creative work in finding and using internal reserves for the fulfillment and overfulfillment of the tasks of the State Plan of Economic and Social Development of the USSR for 1980.

Realization of the tasks proposed at the November Plenum of the CPSU Central Committee by General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet Comrade Leonid Il'ich Brezhnev requires further development and increased effectiveness of all forms of socialist competition, adoption of socialist commitments and counter plans and ensuring of their successful fulfillment.

Socialist commitments and counter plans must have as their aim a further rise of production efficiency and work quality, growth of labor productivity, improved use of fixed production capital, economizing of fuel, power, metal and other resources, improvement of production quality, a faster tempo of scientific-technical progress, reduction of the time required to make facilities and priority complexes operational, ahead-of-schedule full-scale operation of planned capacities, manufacture and delivery of products in the established products list and assortment in conformity to orders and concluded agreements, achievement of high end national-economic results and fuller satisfaction of growing public needs.

In working out socialist commitments and counter plans, it is necessary to give special attention to the solution of the most important tasks of

separate sectors of industry and the national economy set in the 1980 plan, including:

in sectors of heavy industry--increase of petroleum and gas production, all-out development of the gas industry, especially in Western Siberia, a radical improvement in quality and expansion of assortment of metal products accompanied by continued growth of production of metals;

in machine building and metalworkings--an increase in the output of new progressive types of machinery and equipment, growth of labor productivity and economizing of ferrous and nonferrous metals and all forms of raw materials;

in sectors producing consumer goods--increased production of goods, expansion of their assortment and improvement of quality, ensuring a more economic and effective use of raw and other materials and growth of labor productivity;

in construction--timely and ahead-of-schedule operation of capacities and facilities, acceleration of modernization and reequipment of existing enterprises, fulfillment of targets for growth of labor productivity and profits, improvement of construction quality;

in transport--fuller satisfaction in shipments of needs of national economy and population, effective use of transport facilities.

2. Ministries and departments of the USSR and union-republic councils of ministries to complete in set time work relating to the examination and approval by production associations (enterprises) and organizations of counter plans compared to the targets of the five-year plan in conformity to the Statute on the Manner of Development, Stimulation and Accounting of Counter Plans in the Tenth Five-Year Plan. In accordance with this Statute counter plans compared to the tasks of the five-year plan for 1980 for production associations (enterprises) and organizations and funds for their stimulation are considered in the approved plan for 1980.

For the purpose of wide-scale development of socialist competition for the fulfillment and overfulfillment of 1980 plan targets--the final year of the five-year plan, it is necessary at the present time to initiate work on the adoption of counter plans compared to the targets of the annual state plan for this year. The proposals of production associations (enterprises) and organizations for counter plans and expansion on this basis of indicators of 1980 annual plans should be examined and approved by higher organizations prior to 1 March 1980.

Ministries and departments and union-republic councils of ministers are to provide no later than 20 March 1980 to Gosplan SSSR, USSR Central Statistical Administration, Gossnab SSSR, USSR Ministry of Finance and the USSR generalized data on counter plans adopted for the five-year target and 1980 annual plan.

3. With the approval of counter plans and the 1980 annual plan for production associations (enterprises) and organizations, the sizes of the material incentive fund and of the fund for social-cultural measures and housing construction are increased for them.

For the purpose of increasing the interest of the collectives of production associations (enterprises) and organizations in raising production and construction efficiency and improving quality of work, this increase is to be carried out in 1980 according to doubled established norms within limits provided in the counter plan of additional profits above the targets of the approved annual plan.

For production associations (enterprises) and organizations that establish counter plans increasing the relative share of products of the highest category of quality in the total volume of production, labor productivity and other indicators without corresponding profit growth, incentive-fund increases come from the reserves of ministries and departments.

Production associations (enterprises) and organizations adopting for 1980 socialist commitments for ahead-of-schedule fulfillment (or overfulfillment) of fund-forming indicators of the approved 1980 plan (without a corresponding increase of the plan approved for this year) carry out in the fulfillment of the aforesaid socialist commitments deductions into incentive funds on the basis of established norms without them being reduced.

In the case of overfulfillment of counter plans and socialist commitments, additional deductions into incentive funds for the said overfulfillment are made according to general procedure, that is, according to established norms reduced by no less than 30 percent.

Bonuses for workers of production associations (enterprises) and organizations fulfilling and overfulfilling counter plans are paid in higher amounts. At the same time, the sizes of bonus increases for supervisory personnel are determined by higher organizations.

In case of underfulfillment of the counter plan but fulfillment of the targets of the initially approved annual plan, planned incentive funds (established with consideration of the counter plan) are reduced for the said underfulfillment according to norms that have also been doubled. Bonuses for workers in this instance are paid in reduced amounts.

The increase (reduction) of the material-incentive fund according to each fund-forming indicator individually.

The adoption and fulfillment of counter plans by production associations (enterprises) are taken into account in computation of the results of the socialist competition.

Counter Plan Commentary

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 29 Dec 79 p 2

[Text] Gosplan SSSR, the USSR State Committee for Labor and Social Problems, the USSR Ministry of Finance, the USSR Central Statistical Administration, the USSR Central Statistical Administration and the AUCCTU adopted the Statute "On Socialist Commitments and Counter Plans of Production Associations (Enterprises) and Organizations for 1980." On request of the editors, M. Gorshkov, chief of a subdepartment of Gosplan, offers a commentary.

"The counter plan is one of the most effective forms of interaction of planning and competition. It contributes to balance and proportionality of development of the national economy and makes it possible to combine the enthusiasm of the masses with the planned system of socialist management. It is stated in directive instructions that counter plans must aim at the further rise in the efficiency of socialized production and quality of work and at growth of labor productivity, better utilization of fixed production capital and economy of fuel, power, metal and other resources.

"At the center of attention of counter planning there must be the most important tasks of development of separate sectors of industry and the national economy established in the plan for the final year of the five-year plan:

"In sectors of heavy industry--increased production of petroleum, coal and gas (especially in Western Siberia), radical improvement of quality and expansion of the assortment of metal products with continued growth of metal production;

"In machine building and metalworking--increased output of new progressive forms of machinery and equipment, growth of labor productivity, economy of ferrous and nonferrous metals and all kinds of raw materials;

"In sectors producing consumer goods--increased output of goods, expansion of their assortment and upgrading of quality, more economic and efficient utilization of raw and other materials, growth of labor productivity;

"In construction--timely and ahead-of-schedule operation of capacities and facilities, accelerated modernization and reequipment of existing enterprises, fulfillment of targets for growth of labor productivity and profits and improved quality of construction;

"In transport--complete satisfaction of the requirements of the national economy and the population for shipments and effective utilization of transport facilities.

"Proposals of enterprises relating to counter plans should be examined and approved before 1 March 1980. USSR ministries and departments and

union-republic councils of ministers must generalize data on counter plans adopted for the five-year assignments and the 1980 annual plan and communicate them to central planning organs, the USSR Central Statistical Administration and the AUCCTU before 20 March.

"Simultaneously with the approval of these plans, planned sizes of material-incentive funds and funds for social-cultural measures and housing construction are increased for enterprises. Deductions into these funds are made from above-plan profits according to norms that were doubled for 1980. If counter plans are approved by enterprises for increasing the relative share of products of the highest category of quality, boosting labor productivity and other indicators without a corresponding additional profit growth, their incentive funds are increased from the reserves of ministries and departments.

"In case of overfulfillment of counter plans and socialist commitments, norms of deductions into incentive funds are reduced by no less than 30 percent. Those enterprises which adopted commitments for ahead-of-schedule fulfillment or overfulfillment of fund-forming indicators of the plan for the following year (but without increasing the approved plan) and fulfilled them do not have deductions reduced.

"Bonuses for workers of enterprises fulfilling and overfulfilling counter plans are paid in increased sizes. If a counter plan is not fulfilled but the enterprise fulfills the initially approved target, the planned incentive funds, established with account being taken of the counter plan, are reduced according to doubled norms. Bonuses are paid in such a case in smaller amounts.

"The material incentive plan is increased or decreased individually for each fund-forming indicator. Counter plans are taken into account when computing the results of socialist competition.

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PLANNING AND PLAN IMPLEMENTATION

ECONOMIC GOALS FOR 1980 PLAN SPELLED OUT

Moscow PLANOVYE KHOZYAYSTVO in Russian No 1, Jan 80 pp 3-9

[Article: "Plan for the Concluding Year of the 10th Five-Year Plan"]

[Text] Our country has entered the concluding stage of the 10th Five-Year Plan and the implementation of the state plan for economic and social development for 1980 has begun. This plan approved by a session of the USSR Supreme Soviet was worked out by the USSR Gosplan on the basis of the tasks of the 10th Five-Year Plan and of the proposals of USSR ministries and departments and the councils of ministers of the Union republics, as well as with due regard for the course of plan fulfillment during the past year.

During the discussion of the plan at the November (1979) Plenum of the CPSU Central Committee L. I. Brezhnev gave a high rating to the intense labor of the Soviet people for the development of the country's national economy and singled out urgent problems, whose solution is vitally important for a successful fulfillment of the plan for 1980 and for the development of the Soviet economy.

A high labor upsurge was characteristic of workers in all national economic sectors, who attained an increase in production and capital construction and an improvement in the economic indicators of work of enterprises, organizations, construction projects, kolkhozes and sovkhozes. In 1979 the country's national income used for consumption and accumulation increased by more than 8 billion rubles as compared with 1978 and in 4 years of the five-year plan it rose by more than 58 billion rubles, or by 16.2 percent. Fourth-fifths of the national income was assigned directly for the people's well-being. The volume of industrial output increased by 21 billion rubles. The quality of output rose considerably. The production structure was improved and a great deal of technically improved, new output was mastered.

Under last year's complicated weather conditions rural workers made every effort to alleviate the consequences of unfavorable manifestations of natural elements. Grain growers in Kazakhstan made significant advances.

They stored 1,261 million poods of grain in the homeland's bins. Farmers in Orenburgskaya Oblast delivered more than 4 million tons of grain to the state. Other republics and oblasts also made an important contribution. A good cotton harvest was obtained. More potatoes, basic types of vegetables and other products were procured than in 1977. The commissioning of a number of new enterprises, capacities and projects equipped with new machinery and technology was ensured in industry and in many sectors. Fixed capital also increased in nonproductive sectors as a result of the construction of dwelling houses, municipal facilities, schools, hospitals and so forth.

The standard of living of the Soviet people rose considerably. The increase in minimum wages to 70 rubles in all national economic sectors was completed in 1979. The rates and salaries of 31 million workers were increased in the sectors of the nonproductive sphere alone. The material security of pensioners and a number of categories of workers, who received additional payments and privileges from social consumption funds, was improved.

The plan for the concluding year of the 10th Five-Year Plan is directed toward a further buildup in the country's production potential, solution of the main tasks of development of material production and rise in the workers' standard of living. The implementation of measures for improvement in the economic mechanism envisaged by the decree dated 12 July 1979 of the CPSU Central Committee and the USSR Council of Ministers will contribute to a successful fulfillment of the plan. They make it possible to attain a rise in the level of planning, acceleration of the efficiency of capital investments and increase in the effect of economic levers and incentives on the intensification of social production and utilization of all the factors in its further acceleration.

The plan for 1980 envisages an improvement in the utilization of the country's production potential, increase in the balance of the economy and overcoming of the difficulties that arose last year. On the basis of this the plan envisages a growth of 4 percent in the national income used for consumption and accumulation, of 4.5 percent in industrial production and of 8.8 percent in agricultural output, as well as higher rates of development of other national economic sectors and of the workers' well-being than in 1979. The planned indicators are based on an increase in labor productivity, improvement in the quality of output, saving of material resources and improvement in the utilization of fixed productive capital.

The further growth of the scientific and production potential and technical renovation of production will take place in 1980. The output of 4,000 new articles is to be mastered. As a result of the implementation of the program for capital construction fixed productive capital provided with the most modern equipment will increase considerably. With due regard for the rise in the technical level and for the measures for the

mechanization and automation of production labor productivity in industry will increase by 3.8 percent, as a result of which 83 percent of the increase in output will be obtained. In construction labor productivity is to be increased by 3.5 percent and in railroad transport, by 2.9 percent.

The measures for an economical and efficient utilization of material resources outlined by the plan will ensure a reduced material intensiveness of production and outstripping rates of growth of the produced national income as compared with the gross national product. In 1980 the saving of boiler and furnace fuel should total 6.1 million tons of conventional fuel, of electric power, 9.4 billion kwh, of thermal power, 16.8 g-cal and of ferrous metal products, 1.3 million tons.

The plan envisages a further improvement in the quality of output in all industrial sectors. The proportion of output of a higher quality category in the Ministry of Electrical Equipment Industry will increase to 46 percent and in the Ministry of Machine Tool and Tool Building Industry, to 40 percent. The number of articles with the State Badge of Quality, which totaled 73,000 in October 1979, will increase even more. An improvement in the structure of industrial production is envisaged as a result of an increase in the proportion of sectors determining technical progress, that is, machine building and chemical and petrochemical industries. The output of computer, instrument making and automation equipment is growing at accelerated rates in machine building itself.

The volume of industrial production is to be increased by 4.5 percent with an equal increase in the output of group A and B, which is of great importance for the fullest satisfaction of the population's needs.

The fuel and power complex, which, as the experience of the winter of 1978/79 showed, has a decisive effect on the continuous operation of all industrial sectors, occupies a special place in the plan for industrial production. The output of electric power is to be increased by 4 percent that is, to 1,295 billion kwh. The output of electric power at hydraulic and atomic stations will increase by 6 and 33 percent respectively, as a result of which the proportion of these two types of electric stations in the output of energy will increase even more.

In 1980 the petroleum and gas sectors of industry should ensure the production of 606 million tons of petroleum and gas condensate and of 435 billion cubic meters of natural gas, that is, with a growth of 3.6 and 7.1 percent respectively. With a total increase of 21 million tons in the production of petroleum and gas condensate it will increase by 32 million tons in the regions of West Siberia, which compensates for its decline in a number of old deposits. Petroleum production will also increase in the Komi and Udmurtskaya ASSR, the Georgian SSR and Sakhalinskaya Oblast.

Coal production will increase by 2.2 percent mainly in the Donetsk Coal Basin and in the Karaganda, Ekibastuz and Kansk-Achinsk basins. New mines and open pits will be put into operation and their technical equipment and the utilization of the existing capacities of coal enterprises will be improved on the basis of dissemination of the experience of many advanced workers of the coal industry and brigades attaining high indicators in work. In meeting the country's needs for fuel of great importance will be the implementation of the measures for saving fuel and electric power envisaged by the plan. The collectives of all national economic sectors, including of the nonproductive sphere, where squandering in the expenditure of fuel and energy still persists, should join this movement.

In nonferrous metallurgy the plan envisages the following increase: in the production of pig iron, up to 115.1 million tons, of steel, up to 156.8 million tons, of finished nonferrous metal products, up to 109 million tons and of steel pipes, up to 18.5 million tons. The volumes of production of nonferrous metal will also increase. For the purpose of an economical expenditure of ferrous metal the assortment will expand and the output of the most efficient types of products will increase as a result of the commissioning of new capacities and improvement in the utilization of the units of existing enterprises. Ferrous metallurgy workers will have to make greater efforts to ensure a failure-proof operation of many units, to prevent the idle time and unplanned repairs of basic units and to eliminate intrasectorial disproportions. Special attention should be given to the closing of metallurgical cycles in a number of enterprises in order to relieve transport of unnecessary operations and to more rapidly ensure the attainment of planned indicators of the activity of units, as well as of enterprises as a whole. In nonferrous metallurgy more attention and funds should be assigned for an expansion of the ore base of the lead-zinc and copper industry. The construction of new capacities at the Noril'sk Mining and Metallurgical Combine will be carried out at rapid rates.

The output of the chemical and petrochemical industry is to be increased by 9 percent, which meets the tasks of the further chemicalization of the national economy. The output of all types of products of these sectors, especially of mineral fertilizers, synthetic resins, plastics and chemical fibers and threads, will increase.

As during previous years the development of machine building will outstrip the growth of industry as a whole--the output of machine building and metal working is to be increased by 6.5 percent. The plan pays special attention to supplying highly productive equipment for the country's fuel and power complex and for heavy industry, agriculture and transport sectors. The production of equipment for the mechanization of heavy manual labor and labor intensive operations, which ensures the further disengagement of workers engaged in such labor, will increase. The structure of output of machines, equipment and instruments will improve as a result of an increase in the proportion of highly efficient, new types of equipment and the removal of more than 1,500 obsolete articles from production.

The production of the highest-precision metalcutting lathes is to be increased at outstripping rates. For example, the output of machine tools with numerical program control is to be increased by 14 percent as compared with 1979, including of multioperation machine tools with a box for an automatic change of tools, by 30 percent and of automatic manipulators with program control, 1.7-fold. The production of forging and pressing machines with program control, as well as of automation and mechanization equipment for outfitting forging and pressing machines, will increase by more than one-third. The task of their efficient utilization becomes especially urgent.

In all machine building sectors the rates of growth of the output of spare parts will outstrip the growth of production of machinery and equipment, which will make it possible to improve the satisfaction of repair and operating needs of national economic sectors.

Saving metal is one of the major tasks of the plan in machine building. Valuable experience in saving these types of resources has been accumulated at a number of enterprises. However, the metal intensiveness of many machines and equipment is excessively high and metal losses are considerable. Almost one-third of the consumed rolled metal products are transformed into waste and chips and remelted. Metal is especially poorly utilized at the enterprises of the Ministry of Machine Tool and Tool Building Industry, the Ministry of Electrical Equipment Industry, the Ministry of Automotive Industry, the Ministry of Chemical Machine Building and the Ministry of Construction, Road and Municipal Machine Building. In the course of plan fulfillment machine building ministries must search for and activate the potentials for saving metal, accelerate the introduction of advanced methods of working it, improve the designs of articles, increase the output of precision billets and reduce metal waste.

An important place in the plan is given to the development of the production of consumer goods as a practical implementation of the party policy for improving the workers' well-being. Increasing the volumes of output of goods, improving their quality and expanding their assortment in accordance with public demand are the main tasks of all sectors turning out goods for the population and primarily of light, food, meat-dairy and fish industries. In light industry with a growth of 5.2 percent in the output of cotton fabrics, of 3.2 percent in the output of wool fabrics and of 5.6 percent in the output of silk fabrics 10 to 12 percent of their assortment is to be renewed. At the same time, 38 and 63 percent of the assortment of knitted and sewn articles respectively is to be renewed. The output of carpets and carpet articles will increase. In the food and meat and dairy industry, along with a growth of the production of all types of products, an increase in the output of the most valuable products and an improvement in the utilization of all types of raw materials are envisaged.

The production of goods for cultural and general purposes and for household use will increase at accelerated rates--by 10 percent. The increase in the output of furniture (7.1 percent), of household chemical goods (9.2 percent) and of color television sets (31.7 percent) should be noted especially. The proportion of output of a higher category of quality, that is, modern models of refrigerators, stereophonic magnetic recorders, record players, magnetic cassette recorders, collapsible bicycles and other types of products, will increase in all groups of goods.

The plan for 1980 envisages measures for the further implementation of the overall program for the development of agricultural production through the allocation of considerable capital investments, increase in its provision with equipment and mineral fertilizers, expansion of land reclamation, extensive production, housing and cultural-general construction and increase in wages. With due regard for this a significant increase in the production of agricultural output is envisaged and the procurements of most key types of products are established at the level of the five-year plan. Agricultural workers should manifest special concern for an increase in the production of livestock products and in the procurement of fodder and for its safety and efficient expenditure. It is necessary to more fully utilize all the potentials for increasing the productivity of animals and to efficiently use the increased resources of agriculture.

Transport has begun to have a restrictive effect on the development of the national economy in the last few years. To overcome its lag, the plan for 1980 envisages an increase in capital investments for the construction of new railroad lines and for second tracts, an additional electrification of 1,300 km of roads and equipment of considerable sections with automatic blocking and control centralization. The deliveries of railroad cars and new powerful diesel and electric engines will increase and the repairs of the rolling stock will improve. The freight turnover of all types of transport is to be increased by 5.3 percent, including of railroad transport, by 4.1 percent. To develop communication and to improve the servicing of the needs of the national economy and the population, it is planned to extend the length of telephone channels in intercity lines and to establish new capacities of urban and rural telephone and multiprogram television stations.

Improving capital construction for the purpose of increasing and replacing fixed capital with a more efficient utilization of capital investments is an important task of the state plan. On the whole, the volume of capital investments will total 135.3 billion rubles and will be greater than envisaged by the five-year plan. The distribution of capital investments throughout national economic sectors is directed primarily toward the development of the fuel and power complex, ferrous and nonferrous metallurgy, machine building, agriculture and transport with a view to improving intersectorial and in a number of sectors intrasectorial proportions, primarily in ferrous metallurgy and the chemical industry. The buildup and

replacement of the fixed capital of sectors turning out consumer goods are also to be accelerated; for example, construction and installation work in the meat and dairy industry, by 19 percent, in the food industry, by 15 percent and in the fish industry, by 10 percent. Capital investment in housing and cultural-general construction will increase.

The implementation of the policy of the 25th CPSU Congress for an acceleration of the technical retooling and reconstruction of existing enterprises will continue in 1980. Capital investments for these purposes are envisaged in an amount of 18.4 billion rubles, which exceeds the calculations of the five-year plan for this year by 2.4 billion rubles.

For an increase in the efficiency of capital investments of great importance is the increase in the proportion of the active part of fixed capital in its total volume. In 1980 expenditures on equipment should total 46 billion rubles, that is, 38.7 percent of the total volume of capital investments, as compared to 35.5 percent according to the five-year plan and 36.2 percent according to the plan for 1979.

The progressive shifts in capital construction indicated above will become a reality with a prompt commissioning of all capacities and projects and a reduction in incomplete construction and in above-standard stocks of equipment.

A major, new step in the area of scientific and technical progress, rise in the technical level of production and improvement in the quality of output will be taken in 1980. Plans have been made to put 4,000 new types of machinery, equipment, instruments and materials into production and to introduce many new industrial processes and measures for the mechanization and automation of production. This will make it possible to transfer 400,000 industrial workers from manual to mechanized labor. The use of computer equipment for the control of industrial processes and for the performance of engineering and other calculations will be further developed. The capacities of computer centers will increase. The output of minicomputers will grow.

The scale of work on environmental protection will expand on the basis of the implementation of measures for a reduction in unpurified industrial discharge into water sources and the air basin, efficient utilization of land, expansion of its recultivation and construction of antierosion and antidrud-flow installations. As a result of these and other measures, in 1980 as compared with 1977 the discharge of unpurified water will be reduced by 28 percent and the volume of water used in circulating systems will increase by one-third. According to the state plan 1.9 billion rubles were allocated for environmental protection.

In accordance with the long-term social program developed by our party the real per-capita income will increase by 2.9 percent and social consumption funds will rise by 5.5 percent and reach 116 billion rubles in

1980. The expenditures on the implementation of measures for raising the people's standard of living will total 15.4 billion rubles during the five-year plan. With these funds the material incentives for agricultural workers in the nonchernozem zone of the RSFSR, railroad transport workers and working pensioners will be increased, pension security for kol-khoz members will be improved, grants to people disabled since childhood will be increased, fourth and fifth graders will receive free textbooks and so forth. The liquidation of previously issued bonds of internal state loans will also be continued. To further raise the population's income, the average monthly wages of workers and employees are to be increased to 167.3 rubles, or by 2.1 percent, and the wages of kolkhoz members, to 118 rubles, or by 5.4 percent.

For 1980 retail trade turnover is envisaged in a volume of 264.2 billion rubles with a growth of almost 13 billion rubles, or 5.1 percent, as compared with last year. The market allocations determined by the plan will make it possible to expand the sale of foodstuffs, fabrics, clothing, footwear, goods for cultural and general purposes and household use, timber and building materials to the population.

An extensive program for housing and municipal construction has been developed. Dwelling houses of a total area of 109.4 million square meters, or 6.9 million square meters more than in 1979, will be built in 1980. The envisaged volumes of housing construction will make it possible to increase the average provision of a total apartment area for one city dweller to 12.9 square meters by the end of the year, as compared to 12 square meters at the beginning of the five-year plan. The housing conditions of more than 10 million people and during the five-year plan as a whole of more than 50 million people will be improved. The plan envisages an improvement in cultural and general services for the population and an expansion of the network of social-cultural and children's preschool institutions, schools, hospitals and polyclinics.

The further development of the economy of all the Union republics, formation of large national economic complexes and utilization of the advantages of the socialist division of labor in the interest of all the republics and the USSR as a whole will be ensured in 1980.

The growth of social production and improvement in the quality of output create favorable conditions for the development of foreign trade. A special place in foreign economic relations is assigned to contacts with socialist countries, because they are carried out on the basis of a joint planning activity and five long-term specific programs adopted by the 33d CEMA session, that is, for the development of fuel sectors and power engineering; supply of raw materials; specialization of machine building; better satisfaction of the needs of the population of all CEMA countries with foodstuffs and industrial goods; development of transport. The commissioning of many projects, including of the Druzhba Gas Pipeline and of the Kiyembayev Asbestos Combine, is a major measure for the implementation of the outlined programs. Our foreign trade relations with capitalist and developing countries will increase.

The November (1979) Plenum of the CPSU Central Committee, which approved the state plan for the economic and social development of the USSR for 1980, stressed the need to ensure the further dynamic and proportional development of social production and a systematic implementation of the policy of improving the efficiency and quality of work in all national economic units. Special attention should be concentrated on labor productivity growth, acceleration of production intensification on the basis of scientific and technical progress and improvement in economic planning and management.

The plan for 1980 was adopted by a session of the USSR Supreme Soviet and became a law. Its assignments were brought to the attention of ministries, enterprises, construction projects, kolkhozes and sovkhozes. An all-Union socialist competition for the fulfillment and overfulfillment of the plan has begun. Many enterprises adopt increased socialist obligations. All this nationwide movement should be combined with a high efficiency in production management with a view to most fully and effectively utilizing the vast production apparatus, raw material resources and skilled personnel and on this basis ensuring rapid rates of production growth and a further rise in the people's standard of living. The decisions of the November (1979) Plenum of the CPSU Central Committee urge us to do this.

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DEPUTY MINISTER DISCUSSES 1980 STATE BUDGET

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[Article by V.V. Dementsev, first deputy minister of finance: "The USSR State Budget for 1980 and Task of Finance Organs"]

[Text] All the Soviet people with tremendous interest and unanimous approval received the decisions of the November (1979) Plenum of the CPSU Central Committee and the second session of the USSR Supreme Soviet of the 10th convocation on the State Plan of Economic and Social Development of the USSR and the USSR State Budget for 1980.

At the Plenum of the CPSU Central Committee, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet Comrade L.I. appeared with a major speech, which provided a profound analysis and generalized the results of the work of the party and the Soviet people during the past period and defined the principal tasks of successful fulfillment of the Tenth Five-Plan of Development of the USSR National Economy.

The positions and conclusions expounded in L.I. Brezhnev's speech, which were wholly and entirely approved by the November Plenum, must serve as the basis of the work of all party, state and economic organs, trade-union and komsomol organizations geared to the fulfillment of the 1980 plan and the realization of the directives of the 25th CPSU Congress relating to questions of the party's economic policy.

City and rural workers, on discussing and studying L.I. Brezhnev's speech, the decisions of the Plenum of the CPSU Central Committee and the session of the USSR Supreme Soviet, realize more deeply the political and economic significance of the results of 1979 and all the past four years of the five-year plan and clearly see the perspectives of its concluding stage.

For the four years of the current five-year plan as compared to the corresponding period of the Ninth Five-Year Plan, our country will have a national revenue that is 323 billion rubles greater, industrial production--600 billion rubles greater and agricultural gross production--40 billion

rubles greater. The scope of the creative work of the CPSU and the Soviet government is quite strikingly shown in the tremendous scale of construction. Capital investment in the national economy for the four years of the five-year plan will exceed 500 billion rubles, which will make it possible to significantly expand fixed production capital, which by the end of 1979 will amount to more than one trillion rubles. This capital will be renewed by one-third, including in industry by 30 percent and in agriculture by 41 percent.

In accordance with the decisions of the 25th CPSU Congress and the July (1976) Plenum of the CPSU Central Committee, the agrarian policy of the party is being consistently implemented. Rural localities obtained 1.5 million tractors, 426,000 grain-harvesting combines, more than 1 million trucks and 317 million tons of mineral fertilizers; the power-worker ratio will grow 1.4-fold. All this has made it possible to increase the productivity of agriculture and with smaller outlays to overcome unfavorable weather conditions. Thanks to the inexhaustible energy of the party and the selfless labor of the Soviet people, there has been provided an average yearly grain harvest in an amount of 209 million tons for the four years, which is almost 27 million tons more than in the Ninth Five-Year Plan.

The successes achieved in the national economy made it possible to increase per-capita real income for the four years of the five-year plan by more than 13 percent, retail trade turnover--by 18 percent, and the volume of everyday services by one-third. During this time, 423 million square meters of housing were built.

Thus, since the beginning of the five-year plan much has been done for the realization of CPSU economic and social policy worked out by the CPSU 24th and 25th congresses. L.I. Brezhnev noted at the Plenum: "The successes are at hand--and the successes are not small. We see in them a good basis for the solution of national-economic tasks for 1980, for certain advancement along the path of construction of a material-technical base for communism."

In the State Plan of Economic and Social Development and the USSR State budget for 1980 approved by the Supreme Soviet, the main lines of further advance along the path designated by the 25th CPSU Congress are defined. The present year marks a new major step in the development of the country's productive forces. It is not only the final year of the Tenth Five-Year Plan but also the basis on which the following Eleventh Five-Year Plan is to be built, a year of energetic preparation for the coming 26th CPSU Congress. It is namely from such positions, L.I. Brezhnev pointed out at the Plenum, that it is necessary to approach an assessment of the work done and the tasks for 1980.

We have a good solid foundation for their solution. Their successful fulfillment will be an important contribution to the creation of a material

and technical base for communism and will contribute to the steady rise of the people's well-being, strengthening of the economic power and defense capability of our socialist Motherland and its further growth.

The state plan of the coming year provides for a significant absolute growth of public wealth and industrial and agricultural production. The national income of the USSR will increase by 17 billion rubles, or by 4 percent. Volume of industrial production both for group A and for Group B will grow identically--by 4.5 percent. This will provide the possibility of more complete satisfaction of the needs of the national economy for material resources and demand of the population for consumer goods. Growth of agricultural gross production will amount to 8.8 percent. Growth of national income and production of consumer goods will make it possible in 1980 to increase real income of the population by 2.9 percent, and this will grow by 16.6 percent for the five-year period as a whole.

According to the 1980 plan, productivity of public labor should increase in industry by 3.8 percent, in construction--by 3.5 percent and in railroad transport--by 2.9 percent. The circumstance should be taken into account that each enterprise and construction project possess great opportunities for improving labor organization and attaining these indicators. The fulfillment and overfulfillment of plan targets is the duty and matter of honor of labor collectives.

The November (1979) Plenum of the CPSU Central Committee underscored the need for ensuring further dynamic and proportional development of public production and consistent implementation of the policy for raising efficiency and quality of work. Special attention should be concentrated on the growth of labor productivity, further intensification of production on the basis of scientific-technical progress on the improvement of planning and management of the economy.

It is necessary to determinedly work on the all-out development of the fuel and raw-material base, energy, metallurgy, machine-building, chemical and other sectors of industry. We have to make maximum use of reserves and resources for improving the state of affairs in railroad and other forms of transport. The output of fixed production capital should be increased, and labor, raw-material, fuel-power and financial resources, everything within the framework of our national economy should be used efficiently and carefully. The output of high-quality consumer goods must be expanded.

Unremitting attention should henceforth be devoted to the implementation of the decisions of the July (1978) Plenum of the CPSU Central Committee aimed at the strengthening and further development of the material-technical base of agriculture and increasing the production output of this most important sector of the economy. The use of equipment and resources allocated for its improvement should be improved, wintering of cattle should be conducted

in an organized manner, no loss of its numbers should be permitted, and preparations for spring field work should be carried out well. It is necessary to provide for increased yield of agricultural crops, productivity of livestock and poultry and the fulfillment and overfulfillment of state plans for 1980 for purchases of farming and animal-husbandry products.

The CPSU Central Committee has set the task of making a decisive improvement of the state of affairs in capital construction, increasing effectiveness of capital investment, reducing the number of started construction projects, concentrating energies and resources on priority projects and also on the modernization and reequipping of existing enterprises and improving the quality of construction in all sectors of the national economy.

The decrees of the CPSU Central Committee "On Further Improving the Economic Mechanism and Tasks of Party and State Organs" and the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Raising Efficiency of Production and Quality of Work" are of tremendous significance for the social-economic development of the country at the present stage. The practical realization of a whole complex of measures stipulated by these decrees will make it possible to raise efficiency of production and to improve the operation of all sectors and also to ensure the attainment of the more significant and national-economic results.

The Communist Party calls upon the workers of town and country to launch on a wide scale social competition for a worthy commemoration of the 110th anniversary of V.I. Lenin's birth and for the successful completion of the tenth five-year Plan.

The USSR State Budget for 1980 was developed on the basis of the decisions of the 25th CPSU Congress, subsequent plenums of the CPSU Central Committee and new program tasks introduced by the party's Central Committee on the initiative of General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet Comrade L.I. Brezhnev. The solution of these tasks will be of exceptionally important significance for the further comprehensive development of the country's productive forces and a stable rise in the efficiency of public production and quality of work. It provides for the accelerating development of energy and improvement of the entire technical base of the national economy and the bringing up of such vitally parts of the economy as transport, ferrous and nonferrous metallurgy, machine building, chemistry while maintaining unceasing concern for the further rise of agriculture and expanded production of consumer goods. The budget was compiled in accordance with the draft of the State Plan of Economic and Social Development of the USSR for 1980. It fully provides the necessary resources for the further growth of the country's economy, rise of the material and cultural standard of living of the people and strengthening of the defensive power of the state.

Table 1 (billions of rubles)

	1979	1980
Receipts from the socialist economy	244.9	259.4
Including:		
Payments from profits of socialist enterprises	81.1	87.2
Turnover tax	87.9	92.7
Payments of state enterprises and organizations for social insurance, income taxes from kolkhozes, receipts from foreign trade and other income	75.9	79.5
Payments of population	24.3	25.3

The budget reflects measures pertaining to the implementation of the tasks set by the Communist Party for further raising efficiency of production and quality of work, for more complete and efficient use of reserves existing in the economy and observance of the strictest economy of material, labor and financial reserves.

Revenues of the state budget for 1980 were approved in the amount of 284.7 billion rubles, outlays in the amount of 284.5 billion rubles. Revenues are to exceed outlays in the amount of 0.2 billion rubles. Budget revenues were determined on the basis of the targets provided by the plan for growth of public production, higher quality of produced products and reduction of their production cost. For basic sources, receipts were approved in the amounts shown in Table 1.

Thus, the relative share of receipts from the socialist economy comprises 91.1 percent of budget receipts and payments of the population--8.9 percent.

In the 1980 plan, profits of state production associations and enterprises for all sectors of the public economy were set at 127.6 billion rubles and will increase by 10.1 percent under comparable conditions. More than half of profit growth will come from the reduction of production and distribution costs. This obliges planning, economic and financial organs to pay more attention in the course of plan and budget fulfillment to questions of economy of material, labor and financial resources and to ensure unconditional fulfillment of targets.

More than 50 billion rubles, or 40 percent of profits will be left at the disposal of associations and enterprises. This sum should be allocated for state capital investment (7.4 billion rubles), growth of norm of own working capital (2.6 billion rubles), deductions from profits going into funds (22.4 billion rubles), repayment of bank loans and payment of interest on the use of credit (7.7 billion rubles). At the same time 30.6 billion rubles will be deducted from all sources for economic incentive funds.

Table 2 (billions of rubles)

	Profits in 1980*		
	total	including	
		payments into budget	left in economy
Total	131.8	79.2	52.6
Including:			
Industrial ministries	79.8	48.0	31.8
Agriculture and procurement	9.1	2.5	6.6
Transport and communications	15.6	10.6	5.0
Construction ministries	7.4	5.0	2.4
Trade	6.4	3.9	2.5
Municipal services	2.9	1.9	1.0

* Profits allow for sums for covering losses, provided by the plan. Payments are given without taking into account payment of surpluses of own working capital, deductions for geological prospecting work and sums for recalculation for 1979.

Payments from profits of associations and enterprises in 1980 comprise 79.2 billion rubles. The budget will receive in the form of payment for production capital and norm regulated working capital 28.8 billion rubles, fixed (rent) payments--0.4 billion rubles, payments of net surplus of profits--37.6 billion rubles, deductions from profits--12.4 billion rubles. Profits are distributed in the following manner for the basic sectors of the national economy [see Tabel 2].

Receipts from the turnover tax into the state budget, on the basis of volume of production sales and product assortment for 1980, will increase by 2.3 percent under comparable conditions versus expected anticipated fulfillment for 1979.

Finance organs are under the obligation to exercise systematic control over the fulfillment of plan set for separate sectors of the national economy and for enterprises in precise accordance with the basic indicators of their operation. As is known, the turnover-tax system is used in the planned management of the economy as an important instrument regulating the profitability of individual sectors of production for the purpose of creating economically correct conditions for their cost-accounting activity. The right to differentiate turnover-tax rates is granted to finance ministries of union republic and to many local finance organs. They have to use

this right while giving careful consideration to the financial-economic condition of each sector of industry and to the prospects of production and sales of individual types of products.

Revenues going into the budget from foreign trade constitute significant sums. The size of these revenues is increased in proportion to the expansion of economic ties with other countries. In 1980, the volume of foreign trade according to plan should show a 4.7-percent growth, in accordance with which budget revenues from foreign trade will grow.

Income tax from kolkhozes that takes into account their income from sales of agricultural products and additional benefits relating to tax assessment in accordance with the decisions of the July (1978) Plenum of the CPSU Central Committee was set at 0.7 billion rubles. Taxes from the population amount to 23.9 billion rubles. They were computed on the basis of the planned wage fund and existing tax rates.

Finance organs must exercise strict control over correctness of tax calculations by enterprises and organizations and timeliness in the granting of benefits set by the law to the population.

Major tasks in the concluding year of the Tenth Five-Year Plan face all personnel of the finance system. In competing for a worthy marking of the 110th anniversary of V.I. Lenin's birth, they must ensure the timely and full payment into the state budget of all envisaged income and display still greater activity and initiative in locating and mobilizing intra-economic reserves and increasing budget revenues.

The USSR State Budget is a budget of peace and construction. It is aimed at the solution of new major tasks of economic and cultural construction, the steady rise of the socialist economy and upgrading of the living standard of the Soviet people.

Expenditures of the USSR State Budget for 1980 are set at 284.5 billion rubles and are 5.8 percent larger than in 1979. They fully reflect the internal and foreign policy of the socialist state aimed at an all-out acceleration of the rate of development of the economy, improvement of the people's well-being and strengthening of the country's defense capability.

The structure of the budget is characterized by the data found in Table 3.

Financing of the national economy also comes from the funds of associations, enterprises and credits of banks. Thus, the total sum of expenditures for these purposes in 1980 will be 291.9 billion rubles. The funds earmarked in the plan and the budget ensure higher efficiency of production and quality of work, acceleration of scientific-technical progress and maximal use of intensive factors of economic growth.

Table 3 (billions of rubles)

	1979 ap- proved	1980 ap- proved
National economy	144.4	149.4
Social-cultural measures	91.3	97.2
Defense	17.2	17.1
Administration	2.3	2.4

Expenditures on the financing of separate sectors of the national economy were set as the following sums for 1980:

Table 4 (billions of rubles)

	Total	Including:		
		for budget	own funds	bank credits
Total	291.9	149.3	134.5	8.1
Including:				
Industry and construction	157.6	68.3	84.3	5.0
Agriculture	49.4	24.1	22.6	2.7
Transport and communications	26.0	7.7	17.9	0.4
Trade	6.6	3.1	3.5	---
Municipal services	11.5	9.2	2.3	---

In accordance with the decision of the November (1979) Plenum of the CPSU Central Committee, the program for the further rise of sectors of group B industry will continue to be carried out and so will expansion of consumer-goods production, improvement of their quality and renewal of assortment.

In 1980, financing of industry and construction through the budget, association and enterprise funds and bank credit will amount to 157.6 billion rubles, or 7.5 percent more than in the 1979 plan. Considerable funds are being allocated for the further development of electric power, the coal, petroleum, chemical and metallurgical industry, machine building and other sectors.

It is planned to increase labor productivity in industry by 3.8 percent, which will provide for 85 percent of industrial-production growth. The chief condition of ensuring growth of labor productivity is technical renewal of production, improvement of its organization and proper use of the system of material incentives.

For the purpose of ensuring the fulfillment of targets for growth of labor productivity in some sectors, a great deal of attention is paid to the introduction of progressive methods of labor organization, which have worked well and produced significant gains. This applies to the Shchekino method, brigade cost accounting in industry, the advanced experience of AvtoVAZ Association and some others.

The CPSU Central Committee and the USSR Council of Ministers assigned to ministries, departments and councils of ministers of union republics the task of increasing concentration of manpower and resources along decisive directions of technical progress, timely implementation of concrete measures for the improvement of production quality. Finance organs should in every possible way contribute to the solution of this major national-economic problem.

Increased volume of industrial production and implementation of measures for the rational utilization of material, manpower and finance resources ensure growth of profits for associations and enterprises. In 1980, industrial profits will reach 76.6 billion rubles, which is 9.1 percent higher than the anticipated fulfillment of the profits plan for 1979. Further intensification of production--better use of fixed capital, reduction of materials intensiveness of products and increased labor productivity--is of decisive significance for the growth of volume of production and accumulations.

In the development of the country's economy, proper use of the tremendous resources of public production is of great significance. But production capital and capacities are far from being rationally used at all enterprises, significant losses are allowed to occur of metal, gas, wood materials and other raw and other materials from which it would have been possible to produce many additional products.

The USSR Council of Ministers has charged ministries, departments and councils of ministers of union republics to make better use of fixed capital through intensification of production processes, higher shift coefficient, elimination of idling and the quickest possible attainment of projected technical-economic indicators at newly operational enterprises.

An important task set before the heads of economic organizations, associations and enterprises is to raise quality of production. As was pointed out at the 25th CPSU Congress, high quality of production means economy of labor and material resources, growth of export possibilities and fuller satisfaction of the needs of the Soviet people.

USSR ministries and departments and councils of ministers of union republics must ensure in 1980 increased output of products of the highest category of quality, more rapid renewal of the assortment of consumer goods, expansion of the production of items meeting modern requirements. Gosstandart organs are requested to approach in a strict and objective manner such an important state matter as correct attestation of products and awarding of the Seal of Quality. At the November (1979) Plenum of the CPSU Central Committee, L.I. Brezhnev especially pointed out: "A direct duty of trade is to influence production much more actively, to secure from industry those goods which the consumer really needs and to use resources effectively... It is necessary for local industry, consumers' cooperatives, soviets and their permanent commission to engage themselves much more and, what is

most important, with initiative in the production of consumer goods. This will make it possible to make better and more effective use of local raw materials, especially in remost districts."

Financial organs in the course of their economic and control work should constantly devote attention to the effectiveness of measures carried out by ministries, associations and enterprises for raising efficiency of production and quality of work and be more active in locating intraindustry reserves and reserves for increasing labor productivity and growth of the output-capital ratio, and also require in a bigger and more timely way the elimination of shortcomings in their economic-financial activity.

Proper use of working capital granted to associations and enterprises by the state under the unremitting control of finance organs of all levels. On the basis of the increase in volume of production set for 1980, they are allocated 5.3 billion rubles from all sources of financing for the growth of the norm of their own working capital. Growth of the norm of own working capital for separate sectors of the national economy will amount to:

Table 5 (billions of rubles)

	Norms of own working capital		Growth of norm of own working capital
	as of 1 Jan 1980	as of 1 Jan 1981	
Total	136.4	141.7	5.3
Including:			
Industrial ministries	73.7	76.6	2.9
Construction ministries	10.3	10.1	-0.2
Agriculture and procurement	28.1	29.7	1.6
Trade	11.7	12.4	0.7

For raising efficiency of production and quality of work, the correct use of economic incentive funds established for associations and enterprises is of great importance. The 1980 plan set the total amount of these funds from all sources at 30.6 billion rubles with a growth of 3.9 percent over 1979. Deductions going into separate types of funds are indicated in the sums shown in Table 6.

Correct use of incentive funds stimulates growth of labor production, adoption of the achievements of sciences and technology, improvement of production quality and implementation of other measures relating to intensification of production.

Ministries, associations, enterprises and economic organizations, guided by a decree of the November (1979) Plenum of the CPSU Central Committee must

take concrete steps to ensure the fulfillment of targets of the 1980 national-economic plan for all indicators. Finance organs should in the process of executing the budget strengthen control over the economic-financial activity of associations, enterprises and organizations and for their fulfillment of the targets of the 1980 plan and budget.

Table 6 (billions of rubles)

Material incentive fund	11.8
Fund for social-cultural measures and housing construction	4.2
Fund for development of production	10.4
Including from:	
profits	3.7
amortization deductions	5.8
Enterprise fund	0.1
Sovkhoz reserve fund	1.3
Fund for expansion and strengthening of sovkhozes	1.3
Reserve for providing financial aid to enterprises	0.2

The biggest goal of public production under socialism is the fullest possible satisfaction of the growing material and spiritual needs of the people. Public consumption funds in 1980 will reach 116 billion rubles, that is, they will be 5.5 percent greater than in 1979. This will provide the possibility of raising the level of services for Soviet people by health-care, public education and cultural organizations. The total sum of expenditures for social-cultural measures has been set at 97.2 billion rubles, which exceeds by 6 billion rubles the sum approved for the 1979 budget. A total of 14.3 billion rubles, or 0.8 billion rubles more than in 1979, have been assigned for the development of the public-education system; the number of beds in hospitals will be increased, construction and expansion of outpatient clinics, polyclinics, sanatorium-resort and health-improvement institutions will be continued.

Large funds are being allocated for education--39.8 billion rubles, which is 1.8 billion rubles more than in 1979, including 5.3 billion rubles for the financing of higher and secondary specialized educational institutions. Expenditures for state social security and insurance aimed at the satisfaction of the material needs of the country's population, have been set at 43 billion rubles; of these 32.9 billion rubles are for payment of pensions to workers and employees and for pension security of kolkhoz farmers--32.9 billion rubles.

In conformity to USSR Law of 6 July 1979, as of 1 January 1980 pension security of members of kolkhozes is being improved and pensions for former members of kolkhozes with the necessary length of services on kolkhozes or on kolkhozes [sic] and at state or other enterprises, in organizations,

institutions and under conditions and on the basis of norms provided for members of kolkhozes are also being established. Additional expenses for the implementation of this measure will amount to 0.9 billion rubles and will be carried out at the expense of funds of the state budget. Grants to invalids since childhood of disablement groups I and II are being increased in size and payment is being introduced of allowances for invalid children since babyhood up to the age of 16. For the purpose of broader involvement of pensioners in working for the national economy, the decree of the CPSU Central Committee and the USSR Council of Ministers adopts measures expanding benefits relating to the payment of pensions for working pensioners.

Development of trade and consumer services is of important significance to the further rise of the workers' living standard. In accordance with the planned growth of monetary income, the volume of retail commodity turnover for 1980 was set at 264.2 billion rubles. At the same time, an additional target in the amount of 2.8 billion rubles has been established for commodity turnover. The sales volume of consumer services will reach 8 billion rubles, that is, it will grow by 7.3 percent.

Finance organs have to exercise control on a daily basis over plan fulfillment of production of consumer goods, the course of their delivery to the trade network, fulfillment of the plan of retail commodity turnover provision of services to the population and report to guiding local party and soviet organizations in a timely way on results for the implementation of measures for improving the operation of trade organizations and consumer-service enterprises.

At the November (1979) Plenum of the CPSU Central Committee and at the second session of the USSR Supreme Soviet, the Ministry of Railways was justly criticized in connection with the deterioration of qualitative indicators of the operation of railroad transport. In 1979 the turnover of railroad cars slowed down significantly, layover of rolling stock increased during loading operations and at service stations, productivity of locomotives and cars and speed of train movement have been reduced. All this has resulted in nonfulfillment of targets for freight turnover, hauling of passengers and finally in a minus profit of 700 million rubles and receipts into the budget being short by 17 million rubles.

At the present time, the USSR Council of Ministers has adopted measures to improve the operation of the ministry. In 1980, there are to be allocated 4.7 billion rubles with a growth of 8.5 percent for the development of railroad transport. These funds are for the further technical equipment of all forms of transport, expansion of the railroad network and increased throughput capacity of the railroads. At the same time, large allocations are being made for the development of railroads in the eastern regions of the country.

Finance organs must significantly raise the level of economic control work over all forms of transport and communications and achieve better financial planning and their greater national-economic effectiveness.

At the November Plenum of the CPSU Central Committee and the session of the USSR Supreme Soviet a great deal of attention was paid to questions relating to agriculture. The further development and strengthening of its material-technical base and achievement of a stable growth of agricultural production is considered by the party's Central Committee a primary political and national-economic task.

In accordance with the decisions of the CPSU 25th Congress, intensive development is planned for all sectors of agricultural production. This will make it possible to basically resolve the food problem and to more fully provide industry with raw materials and also to add to state reserves of agricultural products.

In 1980 a total of 50.9 billion rubles, or 6 percent more than in 1979, of the funds of state agricultural enterprises and bank credits will be allocated through the means of the budget for the development of agriculture. The total volume of capital investment in agriculture will be in the amount of 36.9 billion rubles; of this, capital investment of kolkhozes from own funds and banks credits will equal 11.9 billion rubles. Large capital investment will make it possible to further strengthen the material-technical base of sovkhozes and kolkhozes, to raise the level of mechanization and automation of agricultural labor and to carry out wide-scale construction of complexes for the production of animal-husbandry products on an industrial basis. The total volume of commodity turnover of the organizations of the USSR State Committee for Supply of Production Equipment for Agriculture will be increased by 5 percent and comprise 23.4 billion rubles.

heads of sectors of agricultural production, local soviet organs, specialists and all agricultural personnel, guided by the decisions of the 25th party congress, the July (1978) and November (1979) plenums of the CPSU Central Committee and the directives of L.I. Brezhnev, must increase their organizational activity to raise the agricultural economy, increase labor productivity, reduce production cost of agricultural products, improve their quality, make more effective use of fodder, equipment and mineral fertilizers, ensure the preservation of produced products and reduce losses and nonproductive expenditures.

According to the 1980 plan, 6.8 million hectares of pasturages are to be irrigated and 1.6 million hectares of land are to be watered and drained. A total of 9.9 billion rubles are allocated for capital investment, operation of land reclamation systems and improvement of land.

With the development of agriculture, the monetary accumulations of kolkhozes and sovkhozes are growing. Profits of sovkhozes and other state

agricultural enterprises of the USSR Ministry of Agriculture system have been set at 3.9 billion rubles; moreover, almost all of this is targeted to be left at the disposal of the farms and to be directed for the expansion of production, the formation of economic incentive funds and other planned measures.

Finance organs must strengthen control over effectiveness of use of tremendous funds allocated by the state for the development of agriculture and locate more fully reserves of production expansion existing here, reduce production cost and increase growth of accumulations.

The execution of the economic and social tasks set by a decision of the 25th CPSU Congress largely depends on the fulfillment of capital-investment plans and boosting of their effectiveness.

In the past four years of the five-year plan, a large number of new capacities were built and the capacities of existing plants and factories were expanded; fixed capital valued at 500 billion rubles were put in operation.

The 25th CPSU Congress and the November (1978) Plenum of our party's Central Committee required that USSR ministries and departments and councils of ministers of union republics radically improve the organization of construction work, increase concentration of manpower and funds in capital construction and put an end to dissipation of resources.

A number of construction organizations have been successfully using advanced methods of labor and have attained marked achievements in boosting the effectiveness of capital investment, as a result of which putting into operation of fixed capital has been speeded up. But the situation in capital construction is slow in being improved. At many ministries and departments of the USSR, union republics and oblasts, funds are not being concentrated adequately at ongoing projects, and dissipation of resources is continuing as before. As a result above-plan volume of unfinished construction is growing. An acute problem persists in the need to boost the effectiveness of use of funds allocated for the acquisition of equipment. As of 1 July 1977, above-plan stocks of uninstalled equipment reached the amount of 4.6 billion rubles.

Significant reserves for increasing the effectiveness of capital construction exist in the work of contracting construction-installation organizations. Large shortages continue to exist in construction production. Targets relating to labor productivity are not being fulfilled. About 40 percent of the construction-installation organizations do not fulfill on a yearly basis the profit plans set for them.

The size of funds from all sources of financing invested in the national economy in 1980 amounts to 135.3 billion rubles, including 119.1 billion rubles for state capital investment. The plan provides for an advancing

growth of the volume of work on the most important priority facilities and construction projects of railroad transport, petroleum-extraction and gas industry, ferrous and nonferrous metallurgy, electric power, chemical, coal, light and food industry. A sum of 3.9 billion rubles is earmarked for strengthening of the material-technical base of the construction industry, expansion and renewal of the park of construction machines and mechanisms.

In addition to budget funds for the financing of capital investment, profits, amortization deductions and other resources of associations and enterprises, as well as bank credits are also used. This significantly increases the responsibility of ministries, associations and enterprises in providing for capital construction necessary resources and contributes to the economic stimulation of their activity.

In 1980 state capital investment are provided through the following sources:

Table 7

	in bil- lions of rubles	relative share
Allocations from budget	49.7	41.7
Profits	7.4	6.2
Amortization deductions	32.7	27.4
Economies from reduction of equipment prices	1.3	1.1
Mobilization of inner resources in construction	2.5	2.1
Long-term credits	6.3	5.3
Other	2.9	2.5

Finance organs together with bank institutions need to pay more attention to the study of questions connected with increasing the effectiveness of capital investments and to contribute proposals for the concentration of resources on the most important objectives, curtailment of dissipation of funds, timely putting into operation production capacities and installations and also fulfillment of the plan of profits and commitments before the state budget for payments from profits.

Maximum allocation sums for 1980 for the maintenance of organs of state power, management, the courts and the procuracy were set in the USSR State Budget in the amount of 2.4 billion rubles.

The present stage of development of scientific-technical progress requires consistent improvement of administration, which constitutes an important reserve for improvement of management of the economy for the purpose of an undeviating rise of production efficiency and work quality. During the

years of the Tenth Five-Year Plan, there were worked out and introduced in 35 ministries in accordance with the decisions of the CPSU Central Committee and the USSR Council of Ministers general schemes of administering a sector; a transition is being made to a two- or three-link system of administration on the basis of creation of operational associations. As a result, concentration of production has been increased and specialization and cooperation of enterprises strengthened.

Finance organs together with accounting-economic services of ministries, departments, associations, enterprises and organizations have to continue work on further improvement of the administration of the economy, concentration and specialization of production, improvement of the structure and reduction of the number of links of administration and on ensuring the strictest regime of economy in expenditures on administration

The 1980 budget provides for a saving of 1.1 billion rubles from a reduction of administrative expenditures. Finance-system personnel must ensure the timely mobilization of the released funds.

An important task of union-republic finance ministries is the implementation of a complex of measures for verification of correct compilation and timely bringing of indicators of finance plans and estimates of budget institutions to associations, enterprises and organizations. These matters should be at the center of attention from the first days of 1980.

Finance organs are also to be faced in the immediate future with major responsible work connected with the conducting of an economic analysis of the observance of the budget and economic financial activity of ministries, state committees, branches, associations, enterprises and construction projects in 1979. This will require a timely check and examination of enterprises and organizations, especially there where a lag exists in the fulfillment of production plans, targets for growth of labor productivity and reduction of production cost. It is necessary to take an active part in the work of ministries, departments, administrations (departments of ispolkoms of soviets of people's deputies dealing with the examination of reports and balances of operational organs for the purpose of maximum finding of resources, increase of revenues and economic expenditure of funds.

The realization of measures provided by the state plan of economic and social development and the USSR State Budget for 1980 requires a further rise in the level of economic and control work of organs of the finance system.

Union-republic finance ministries should examine at collegium meetings of finance ministries the results of economic and control work in 1979, take steps ensuring the further improvement of its organization and unconditional fulfillment of all measures provided by the plan of basic questions of economic and control work of the USSR Ministry of Finance for 1980. At the

same time special attention should be devoted to control over economic and careful expenditure of financial and material resources of the national economy and growth on this basis of budget revenues.

At the November (1979) Plenum of the CPSU Central Committee, L.I. Brezhnev emphasized: "The tasks facing us require in particular the strengthening and tightening of control over the fulfillment of plan targets and adopted decisions." Staff workers of the central apparatus of the finance ministries of the USSR, union and autonomous republics and local finance and insurance organs are obliged systematically to carry out measures aimed at providing more clear-cut and better coordinated organization of work, effective solution of arising problems, greater efficiency and elimination of existing defects.

A systematic and penetrating verification of the fulfillment of party and government directives, effective current and follow-up control over the fulfillment of plan targets instilled in cadres in the spirit of great responsibility for the entrusted task exert an influence on the strengthening of state and labor discipline and promote the development of initiative and determinedness in the struggle against defects.

Constant improvement of style and methods of work, control and verification of performance, greater responsibility for the entrusted task, development of initiative and enterprise, strengthening of labor and office discipline constitute a guarantee of successful fulfillment of tasks facing finance-system organs in 1980, the year of shock work, Leninist work.

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UTILIZATION OF RESOURCES AND SUPPLY

GOSPLAN OFFICIAL DISCUSSES UNUTILIZED ECONOMIC POTENTIAL

Moscow PLANOVoyE KHOZYAYSTVO in Russian No 1, Jan 80 pp 39-45

/Article by D. Shmelev, chief of a subdivision of the USSR Gosplan: "Potentials Must Be Uncovered and Utilized More Fully"

/Text At the November (1979) Plenum of the CPSU Central Committee and the second session of the USSR Supreme Soviet of the tenth convocation following it the country's economic development during the past years of the 10th Five-Year Plan were summed up and the state plan for the economic and social development of the USSR for 1980--the concluding year of the five-year plan--was adopted. The plenum and session convincingly showed that, despite a number of objective difficulties connected with crop failure, during those years the Soviet people made major, new advances in economic and cultural construction and in the rise in the people's well-being.

The development and improvement of the country's productive forces are some of the important results of the period indicated. Large-scale programs in this area were implemented on the entire territory of the Soviet Union. The following are the most extensive: continuation of the work on the transformation of the nonchernozem zone of the RSFSR; formation of the Sayano-Shushenskiy, Bratsk-Ust'-Ilimskiy and South-Yakutian territorial production complexes; further development of the Kursk Magnetic Anomaly; development of the zone adjoining the Baykal-Amur Trunk Line and the strong fuel and power base in the Kansk-Achinsk Coal Basin.

Technical progress in the national economy made it possible to ensure an increase in labor productivity and in production efficiency. In 1976-1979 labor productivity growth made it possible to save the labor of more than 12.5 million people. In the area of production of implements of labor technical progress was marked by an increase in the unit capacity of machines and apparatus and by a transition from the development and introduction of individual machines to the development and introduction of systems encompassing the entire industrial process and making it possible to mechanize and automate labor intensive types of production.

As a result of the work done on the introduction of scientific and technological achievements into the national economy in 1976-1979 the series output of about 14,000 types of new machines, equipment, apparatus, instruments and means of automation was mastered and begun. Thousands of sets of mechanized flow and automated lines were installed at industrial enterprises. A significant number of sections, shops and production facilities were transferred to overall mechanization and automation.

The commissioning of new enterprises increased the proportion of industry in the general national economic complex even more. Now it accounts for about two-thirds of the production of the national product and for 40 percent of those employed in material production sectors. The scale of industrial output increased considerably, which can be seen from a comparison of the value of 1 percent of the increase in individual types of products in 1969 and 1979 (in the next to last year of the Eighth and Ninth five-year plans respectively).

	<u>1969</u>	<u>1979</u>
Electric power, billion kw	6.9	12.2
Petroleum, including gas condensate, million tons	3.3	5.7
Coal, million tons	6.1	7.3
Steel, million tons	1.1	1.5
Mineral fertilizers, million tons	0.46	0.98
Motor vehicles, thousand	8.4	21.7
Tractors, thousand	4.4	5.6
Cement, million tons	0.9	1.2
Fabrics, million square meters	87	108
Leather footwear, million pairs	6.4	7.5
Household refrigerators, thousand	37	60

Agriculture was further developed during the past years of the 10th Five-Year Plan. In 4 years the average annual gross output of grain was increased to 209 million tons, which was almost 27 million tons more than in the Ninth Five-Year Plan. A total of 179 million tons of grain were gathered even in 1979, which was a very difficult year. A vast program for capital construction was carried out in 1976-1979. The total volume of capital investments in the national economy exceeded 500 billion rubles.

The Communist Party systematically implements the program for social development and rise in the standard of living worked out at the 24th and 25th CPSU congresses. In 4 years of the five-year plan the average monthly wages of workers and employees increased by more than 12 percent and the average remuneration of the labor of kolkhoz members in money and products, by almost 22 percent.

Social consumption funds play an important role in the formation of workers' income and in the rise in their well-being. During the years indicated they totaled more than 410 billion rubles, that is, increased by 22 percent, exceeding the assignments set by the five-year plan for this period.

Workers' housing conditions improved. More than 423 million square meters of the total area of dwelling houses, or 8 million well-planned apartments, were commissioned in 1976-1979.

It follows from the above-stated that the prerequisites for a successful conclusion of the fulfillment of the plan for economic and social development for 1980 and the five-year plan as a whole were created during the past years of the five-year plan and preceding years.

The state plan for economic and social development for 1980 envisaging an increase in social production, rise in the people's well-being and strengthening of the country's defense was worked out on the basis of the decisions of the 25th CPSU Congress and subsequent plenums of the CPSU Central Committee. It can be seen from the basic economic indicators of the plan presented in the table that the 1980 plan envisages a significant outstripping of the rates of growth of industrial and agricultural production and of the population's real income as compared with the rates of growth of capital investments. Such a correlation of proportionality points to an increase in the intensive factors in economic development and predetermines a more efficient utilization of productive capital, as well as of labor, financial and material-technical resources.

The national economy is entering 1980, possessing a powerful economic and scientific-technical potential. By the end of 1979 productive fixed capital exceeded 1 trillion rubles. In 1978 the country had 26.4 million specialists with higher and secondary education, 1.3 million scientific workers and 500,000 designers. It is now a matter of most skillfully and efficiently utilizing this potential, as well as the existing great reserves, for a successful conclusion of the assignments of the 10th Five-Year Plan.

Table

	Plan for 1980	1980 in rela- tion to 1979 % of expected fulfillment
National income used for consumption and accumulation (in comparable prices of 1973), billion rubles	437.5	104.0
Industrial output (in wholesale prices of enterprises on 1 January 1975), billion rubles	633.6	104.5
Gross agricultural output, billion rubles	136.0	108.8
Total volume of capital investments, billion rubles	135.0	101.2
Labor productivity per worker, % of the previous year:		
in industry	103.8	--
in construction	103.5	--

Retail trade turnover (in prices of corresponding years), billion rubles	264.2	105.1
Real per-capita income. % of the preceding year	102.9	--

Therefore, it should be stressed that the availability and growth of productive capital are only the quantitative characteristics of the created production potential. Its qualitative aspect, as well as the organization of utilization of this capital and its yield, is the most important. This should be especially kept in mind, because the level of mastering of the planned indicators of enterprises characterizes the efficiency of their utilization and the quality of all our work.

The point is that, owing to the incomplete mastering of planned capacities, the national economy annually fails to obtain a significant amount of fuel, metal and chemical, machine building, timber and cellulose-paper output, as well as the output of light and food industries. For example, only 83 percent of the capacities of 3,000 enterprises commissioned in 1974-1978 were utilized in 1978. At the same time, the capacities for the extraction of iron ore and for the output of pig iron, mineral fertilizers, cotton fiber, cellulose and cement were mastered within longer periods than envisaged by the standards. For example, the capacity of the blast furnace No 8 of the Dneprovskiy Metallurgical Plant was mastered in 9 months instead of 5 months according to the norm. The capacities for the output of cotton fiber at the Shcherabad Cotton Plant in Uzbekistan were mastered in 26 months, while the norm was 15 months.

Often it happens that similar capacities are mastered during different periods. For example, whereas the capacity for the extraction of iron ore at the Stoylonskiy Ore-Dressing Combine in Belgorodskaya Oblast was mastered in 7 months with a norm of 9 months, at the Dneprovskiy Ore-Dressing Combine with the same standard periods similar capacities of the first and second complexes commissioned in December 1975 and in August 1976 have not been fully mastered even now.

At the same time, in the country there are many enterprises at which production capacities are utilized with a great efficiency and yield. Among them there is the Volzhsk Motor Vehicle Plant. At this major enterprise, among the measures aimed at increasing production efficiency, the efficient system of servicing and operating equipment should be noted. A constant technical and organizational improvement of production "rears" and a steady servicing of production sections are ensured there. This made it possible to reduce equipment downtime and intrashift losses to a minimum.

We must not fail to discuss the operation of the first achievement of the First Five-Year Plan, that is, the Magnitogorsk Metallurgical Combine, which from the moment of commissioning of the first unit gave the country more than 250 million tons of pig iron, over 300 million tons of steel and more than 200 million tons of rolled metal products. The constant concern for the introduction of scientific and technological achievements and of

advanced techniques into production made it possible to utilize capacities and equipment in the most efficient way. The productivity of labor of blast furnace operators, steel workers and rolling mill operators at Magnitka is twice as high as the average in the sector and the production costs of metal are low. Even under the difficult conditions of the severe winter of 1978 the plant personnel worked stably, overfulfilling the state plan for the output of metal products. In 1979 the combine metallurgists produced about 11.5 million tons of pig iron, approximately 16 million tons of steel and more than 12 million tons of rolled metal products.

At the same time, the Zaporozhstal', Yenakiyevo and Makeyevka metallurgical plants, as well as the Orsko-Khalilovo and Karaganda metallurgical combines, do not ensure the fulfillment of the plan for the production of metal products.

An increase in existing fixed capital through the expansion and reconstruction of enterprises is one of the major potentials for raising efficiency. The experience of a number of sectors shows that the level of capital-output ratio at enterprises, whose capacities have been increased through expansion and reconstruction, is 1.5 times as high as at newly commissioned enterprises.

Problems of capital-output ratio are especially acute at many enterprises of chemical, motor vehicle, machine tool building, cellulose-paper, light, nonferrous and agricultural machine building industries and of other sectors, where output per ruble of the average annual value of industrial and productive capital decreases systematically. Therefore, the efficiency of equipment utilization should be increased sharply. Meanwhile, in machine building the shift coefficient of operation of metalworking equipment in basic production has been less than 1.5 for a long time. It is not loaded uniformly during a 24-hour period. In particular, only a little more than 50 percent of the installed equipment operates at many enterprises in the second shift.

The insufficient level of equipment utilization is due to its above-plan idle time owing to a disruption in technological regimes, breakdowns and sometimes a shortage of raw materials and supplies. For example, in the last few years many ferrous metallurgical enterprises have systematically not fulfilled the planned assignment for the utilization of the volume of blast furnaces owing to a shortage of raw materials and frequent breakdowns.

Such cases also exist in other sectors. For example, equipment downtime during petroleum and gas drilling (especially in connection with breakdowns) comprises more than 20 percent of the calendar time. In the last few years cement industry enterprises have not fulfilled the plan for the hourly productivity of revolving furnaces. Long above-plan equipment downtime occurs in the textile industry. For example, in 1979 the downtime of looms in the cotton industry reached 8.6 percent and in the wool industry, 15.7 percent.

In 1980 labor productivity in industry is to be increased by 3.8 percent and in construction, by 3.5 percent. This ensures four-fifths of the increase in the national income and the basic increase in industrial and agricultural output and in construction and installation work. Valuable experience in the achievement of a high labor productivity was accumulated in industry during the years of the 10th Five-Year Plan. This applies to the Shchekino Chemical Combine, the Magnitogorsk Metallurgical Combine, the Volzhsk Motor Vehicle Plant and the Moscow Electric Lamp Plant Association. The highly productive organization of labor in harvesting in Ipatovskiy Rayon, Stavropol'skiy Kray, became widespread in agriculture, the Zlobin contract method, in construction and so forth.

However, many enterprises, construction projects and even sectors do not yet cope with the fulfillment of the set assignments for labor productivity growth--in industry one out of six enterprises and in construction, one out of two. The plan for labor productivity growth is significantly not fulfilled at many enterprises of the Ministry of Petroleum Refining and Petrochemical Industry, the USSR Ministry of Ferrous Metallurgy and the USSR Ministry of Construction Materials Industry, as well as by the industry of the main construction ministries. At the enterprises of the USSR Ministry of Coal Industry, the USSR Ministry of Nonferrous Metallurgy, the Ministry of Chemical Industry, the USSR Ministry of Timber and Wood Processing Industry, the Ministry of Pulp and Paper Industry and the USSR Ministry of Construction Materials Industry labor productivity even decreased in 1979 as compared with the 1978 level.

If the enterprises lagging in labor productivity rose to the level of those that fulfill the plan (which is quite realistic), it would be possible to obtain additional industrial output worth no less than 5 billion rubles annually. However, for this purpose it is necessary to improve the organization and discipline of labor and material and technical supply and to see to it that every worker fulfill the established output norms.

Reduction of work time losses is a great potential for increasing labor productivity and output. By decreasing them it is possible to annually turn out industrial output worth 3 billion rubles and to carry out construction and installation work worth 0.7 billion rubles. Work time losses due to absenteeism, idle time and nonappearance at work are very substantial at many enterprises of the USSR Ministry of Timber and Wood Processing Industry, the USSR Ministry of Fish Industry, the Ministry of Tractor and Agricultural Machine Building, the USSR Ministry of Construction Materials Industry and the Ministry of Machine Tool and Tool Building Industry and at the construction projects of the USSR Ministry of Rural Construction and the Ministry of Construction of Petroleum and Gas Industry Enterprises.

Further labor productivity growth largely depends on a reduction in labor turnover, whose level has remained quite high in the last few years. During the first half of 1979 labor turnover increased at the enterprises

of the USSR Ministry of Construction Materials Industry, ferrous and non-ferrous metallurgy, heavy machine building, instrument making and petrochemical, chemical, electrical engineering, light and food industries. Labor turnover, in addition to the great damage to production, has serious social consequences. It weakens labor discipline at enterprises and construction projects and leads to disqualification of working personnel. Therefore, the fight against turnover should constantly be in the center of attention of economic and trade union bodies.

The decisions of the November (1978) Plenum of the CPSU Central Committee pointed to the need to implement efficient measures to eliminate unproductive expenses and losses and to ensure a careful expenditure of metal, fuel, electric power and all material resources. The fact that a reduction of even 1 percent in material expenditures ensures an increase of 6 billion rubles in the national income and of 1.3 percent in the productivity of national labor attests to the importance of these measures.

As a result of the reduction in the material intensiveness of output, 2.4 billion rubles of the national income were obtained in 3 years of the five-year plan. However, material expenditures on the production of the national product are still considerable. They comprise 57 to 58 percent of the total expenditures. Great losses of raw materials and supplies resulting from an incomplete utilization of waste occur at the enterprises of ferrous, motor vehicle, timber, fish and machine tool building industries, as well as heavy and agricultural machine building. For example, let us take machine building, which is one of the main metal consumers. In 1978 metal scrap in this sector comprised 28 percent of the consumed amount and at the enterprises of the Ministry of Electrical Equipment Industry, 33 percent, the Ministry of Automotive Industry, 32 percent and the Ministry of Machine Tool and Tool Building Industry and the Ministry of Instrument Making, 31 percent. In practice, metal chips are not reduced. At the enterprises of the Ministry of Machine Tool and Tool Building Industry they comprise 68 percent, the Ministry of Heavy and Transport Machine Building and the Ministry of Chemical and Petroleum Machine Building, 59 percent and the Ministry of Tractor and Agricultural Machine Building, 51 percent of the total ferrous metal waste. A large number of enterprises overexpend fuel and power as compared to the established norms. A total of 6.4 million tons of boiler and furnace fuel, 8.7 billion kw of electric power and 10.5 million g-cal of heat were overspent in 1978.

There are also considerable potentials in agriculture. Let us take the utilization of irrigated land. It is well known that the party pays considerable attention to problems of irrigation construction and expansion of the area of irrigated land. On most farms irrigated land, as a rule, yields a great increase in the harvest. However, on farms in Georgia, Tadzhikistan and Volgogradskaya and Saratovskaya oblasts the average yield of grain crops on irrigated land remains low and here and there for various reasons this land is not utilized fully.

Great potentials for increasing fodder production are connected with an increase in the yield of meadows and in the productivity of swamped land overgrown with shrubs.

Losses of grain, potatoes, vegetables and fruits are still significant on many kolkhozes and sovkhozes. "The Soviet people can understand difficulties caused by weather conditions," said L. I. Brezhnev in his speech at the November (1978) Plenum of the CPSU Central Committee, "but they cannot and do not want to accept cases of mismanagement, irresponsibility and negligence as explanations of the existing difficulties."¹

In 1979 railroad transport did not cope with the conveyance of many important national economic goods. At the same time, calculations show that, if in the first half of 1979 the average turn-around time of a railroad car had been maintained at least at the level of 1977, it would have been possible to transport millions of additional tons of freight without increasing the work pool of freight cars. There is every possibility to utilize the rolling stock more efficiently, to shorten the turn-around time of a railroad car and to reduce the idle time of railroad cars during loading and unloading.

The shortcomings in construction are being eliminated slowly. The problem of efficiency of capital investments has become aggravated. The point is that incomplete construction has increased excessively during the past years of the five-year plan. By the end of 1979 it increased by 23 billion rubles as compared to the standard. This was due primarily to the unsatisfactory organization of building production and its planning. The continuing dissipation of manpower and material and financial resources over a significant number of projects led to a sharp disruption in the standard time for the commissioning of completed projects. For example, out of the 19,800 new construction projects of 1979 for 4,800 (24 percent of the total number) projects the standard time for commissioning expired during previous years. Coal mines, state rayon electric power stations and enterprises of the Ministry of Machine Tool and Tool Building Industry and of the Ministry of Electrical Equipment Industry are being built extremely slowly.

Whereas during the first 2 years of the five-year plan the average time of construction of enterprises and projects for production purposes was shortened, totaling about 8 years, in 1979 it increased to 8.6 years. For example, 755 projects commissioned in 1978 were inspected during the same year. It turned out that 227 projects were put into operation during the standard time and 528, during a period exceeding this time and 214

1. L. I. Brezhnev, "Vystupleniye na Plenum TsK KPSS 27 Noyabrya 1978 g." /Speech at the Plenum of the CPSU Central Committee on 27 November 1978/, Moscow, Politizdat, 1978, p 11.

projects were built with a twofold disruption in the standard time of construction and higher. At the same time, approximately 40 percent of the 528 projects mentioned were commissioned with a disruption in the standard time for reasons of poor organization of building production, low labor productivity and shortage of manpower and 30 percent, owing to an untimely provision of construction projects with building materials, structures and equipment. Thus, elimination of the detected causes, which, in our opinion, completely depend on the organization of building production and its material and technical supply is a great potential for increasing the efficiency of capital investments and capital-output ratio.

As a result of the unsatisfactory fulfillment of the plan for capital construction the stocks of uninstalled equipment increased considerably, especially at the construction projects of the Ministry of Chemical Industry, the USSR Ministry of Ferrous Metallurgy, the USSR Ministry of Nonferrous Metallurgy, the USSR Ministry of Petroleum Refining and Petrochemical Industry and the Ministry of Automotive Industry.

In his speech at the November (1979) Plenum of the CPSU Central Committee L. I. Brezhnev, general secretary of the CPSU Central Committee, summing up the results attained in 4 years of the five-year plan, at the same time, noted that this did not mean that we were fully satisfied with the draft plan and the results of work.

It can be seen from the materials that in a number of items the assignments for 1980 are lower than the five-year plan. There is tension at some sections of national economic construction. The fact that in the area of further improvement in the efficiency of production and in the quality of work the country has not succeeded in advancing as envisaged by the plan is the main reason for this tension. At the same time, no matter what section of work is taken, one sees vast possibilities and vast potentials for a successful advance everywhere. However, in order to utilize them, a rise in the level of management in the broadest sense of the word is necessary.

The plenum of the Central Committee thoroughly examined and indicated specific ways of solving the key problems of economic development. The operation of transport, especially of railroad transport, must be improved. In order to overcome its lag, it is necessary to work out a long-term overall program for development. The solution of the entire set of energy problems in connection with the growing needs of the national economy must be thought out. Attention must be increased to the development of metallurgy and machine building. The situation in capital construction must be improved decisively by increasing the efficiency of capital investments. Much attention was also given to an increase in the production of foodstuffs and industrial goods for the public.

The Plenum of the CPSU Central Committee with special force stressed the need to increase the role of the USSR Gosplan--the highest planning body in the country. This is urgently demanded by life itself and by the

major problems that the USSR Gosplan must solve during the elaboration of the 11th Five-Year Plan, that is, to make major changes in the structure and proportions of the economy, to improve the existing sectorial and territorial proportions, to uncover the links where the greatest effect can be obtained at the cost of minimal expenditures and to uncover existing potentials.

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